

**STATE OF HAWAII
REQUEST FOR SOLE SOURCE**STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Taxation
(Department/Division/Agency)

Pursuant to §103D-306, HRS, and Subchapter 9, Chapter 3-122, HAR, the Department requests sole source approval to purchase the following:

Description of goods, services, or construction:

See attached

| | |
|---|---------------|
| Name of Vendor: American Management System | Cost: |
| Address: 888 Mililani Street, Suite 501 Honolulu, HI 96813 | \$ 975,970.00 |

| | | |
|--|-------------------|---------------------------------------|
| Term of Contract: From: March 01, 2004 | To: June 30, 2005 | Prior Sole Source Reference No.: None |
|--|-------------------|---------------------------------------|

The goods, services, or construction has the following unique features, characteristics, or capabilities:

See Attached.

REQUEST FOR SOLE SOURCE (Cont.)

How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:

See Attached.

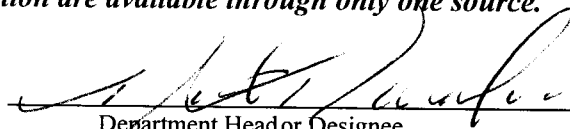
The following other possible sources for the goods, services, or construction were investigated but do not meet our needs because:

See Attached.

Direct questions to: Mr. Warren Higashi

Phone: 587-1500

I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.


Department Head or Designee
Kurt Kawafuchi
Director of Taxation
2/10/04
Date
Title (If other than Department Head)

Chief Procurement Officer's comments:

Section 3-122-81(j), HAR, provides a list of sole source procurements that may be procured without obtaining CPO approval. Attached is the list, item 4, to which your request is applicable. If you have any questions on this matter contact SPO staff at 586-0569.

Please ensure adherence to applicable administrative and statutory requirements.

Expenditure may be processed through a purchase order: Yes ☐ No ☒. If no, a contract must be executed and funds certified.

☒ APPROVED

☐ DISAPPROVED


Chief Procurement Officer

2/19/04
Date

**Department of Taxation
Request for Sole Source of
Computer System Modifications
January 9, 2004**

Description of goods, services, or construction:

1. Upgrade of computer equipment for compatibility between the Department of Taxation's (DOTAX) Integrated Audit Modeling System (IAMS), Integrated Collections System (ICS), and Integrated Tax Processing System (ITPS); and the latest release of International Business Machines' (IBM) "AIX" Unix operating system, IBM's Regatta-series hardware, and Oracle 9i Database Management Software.
2. Expand functionality of ICS and ITPS to include new system capabilities requested by the users to improve the DOTAX's ability to service the taxpayers of Hawaii.

IAMS is the audit-modeling tool that allows DOTAX to select candidate taxpayers for potential audit based on comparison to other data sources (e.g., federal return data) or selected criteria. ICS is the delinquent tax collection automated application. ITPS is the system of record for processing Corporate and Net Income tax types for the state and will become the system of record for processing General Excise, Withholding, Transient Accommodation, and Rental Vehicle taxes in 2004.

The goods, services, or construction has the following unique features, characteristics, or capabilities:

The computer equipment upgrade will include services for verifying compatibility between IAMS, ICS, ITPS, and the products from IBM, Oracle, and other third-party vendors. The enhancements to ICS and ITPS have to be coordinated and integrated with the current modifications being made by AMS to its proprietary software for processing the State's General Excise, Withholding, Transient Accommodation, and Rental Vehicle taxes. For that reason, another vendor cannot simultaneously perform this work in the proprietary software.

How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work:

1. The compatibility between the IAMS, ICS, ITPS; and the new IBM software and hardware and the latest release of Oracle Database Management Software will enable the DOTAX to have continued support from IBM, Oracle, and other third-party vendors supporting other related applications, for the hardware and software required for DOTAX's Integrated Tax Information Management System (ITIMS). This effort will also provide DOTAX with tools and techniques to better manage the software and hardware upgrades that are now a routine aspect of systems maintenance.
2. The ICS and ITPS enhancements will allow DOTAX to more efficiently and effectively use these systems in the day-to-day administration of the State's tax processing and collection activities. These additional capabilities include but are not limited to:
 - Improving the quality and timeliness of due-diligence process for audit assessments.
 - Improving taxpayer service related to billing of delinquencies for large corporations.
 - Enabling stricter controls over accounting associated with certain online transactions and to provide accounting oversight for federal refunds offset to pay state obligations.

- Increasing automation of large volume manual processes to allow users to focus on more value-added activities. This increased automation involves the processes associated with handling of taxpayer refunds that can not be issued through the existing automated process, the issuance of taxpayer correspondence that requires user input, and the opening and closing of levies.
- Improving rules associated with internal intercept to improve automated collection of state debt.
- Providing additional information to collections staff to allow them to improve information available to taxpayers about payment history and remaining delinquent debt.
- Automation of annual processes to reduce manual effort associated with setting up new tax years.
- Providing additional oversight for department management for delinquent collections.

The following other possible sources for the goods, services, or construction were investigated but do not meet our needs because:

Other software developers were considered by not pursued because:

- The IAMS, ICS, and ITPS systems have been developed by AMS and are not owned by DOTAX. Introducing another vendor will introduce contractual issues of confidentiality and potentially ownership rights of functionality developed.
- Currently, AMS has approximately twenty-five employees assigned full time in Hawaii and working on the ICS and ITPS system development project. Introducing another vendor that would also be developing modifications on uncompleted software will introduce risks of accountability for software that may not be functional or does not meet DOTAX specifications.
- The AMS staff working on the ICS and ITPS system development project has a unique knowledge of DOTAX business requirements and the IAMS, ICS, and ITPS applications. Introducing another vendor would require DOTAX to provide the vendor staff extensive training on DOTAX business requirements and the applications in use by DOTAX. This additional training would be a significant cost to DOTAX and would cause additional risks to the tight schedule under which the described services must be delivered to meet DOTAX requirements.
- AMS is a business and IT consulting firm to governments specialized in applying proprietary software and partner solutions for tax, revenue and collections. AMS' deep subject matter expertise in tax, revenue, and collections coupled with the unique knowledge of DOTAX operations, allows DOTAX to significantly reduce the risk to the ITIMS production operations and implementation of these enhancements.
- AMS has offered to provide these services at a significant discount for DOTAX. Introducing another vendor may result in increased cost and risk for DOTAX to receive the described services.

EXHIBIT B

PROCUREMENTS APPROVED FOR SOLE SOURCE
(06/21/99)

The following procurements are not subject to the chief procurement officer's approval:

Sole
Source
Number

Sole Source

1. Rental of booth space for exhibits at conventions and trade shows when organized by a single sponsor.

Criteria: When rental is available only through a single organizer or sponsor of the convention or trade show.

2. For the repair, replacement, installation (connection, activation or hookup), or relocation of public utility company equipment or facilities.

Criteria: When the equipment or facilities are owned or controlled by utility companies such as an electric, telephone, gas, or cable television company.

3. Annual license renewal and maintenance for computer software.

Criteria: When the license renewal and maintenance can be obtained from only a single source, normally the developer of the software.

4. Procurement of computer software conversions, modifications, and maintenance for existing programs from the manufacturer of the software.

Criteria: When the conversion, modification, or maintenance can only be obtained from the manufacturer of the software.